

GLENDALE COMMUNITY COLLEGE DISTRICT
1500 North Verdugo Road
Glendale, California 91208
(818) 240-1000

BOARD OF TRUSTEES MEETING NO. 4

The special meeting of the Glendale Community College District Board of Trustees was called to order by Mrs. Gabrielian at 8:10 a.m. on Thursday, September 8, 2011 in the Student Center, SC 212, located in the J. Walter Smith Building.

Trustees Present:

Mrs. Anita Quinonez Gabrielian
Dr. Armine G. Hacopian
Dr. Vahé Peroomian
Ms. Ann Ransford
Mr. Anthony P. Tartaglia
Ms. Suzanna Sargsyan ST

Administrators Present:

Dr. Dawn Lindsay
Ms. Lisa Brooks
Dr. Mary Mirch
Mr. Ron Nakasone
Dr. Rick Perez
Dr. Jewel Price

Representatives Present:

Academic Senate: Mr. Michael Scott
CSEA: Ms. Saodat Aziskhanova
Guild: Ms. Isabelle Saber

Guest

Mr. Chris Fallon, Esq., Liebert Cassidy Whitmore

The media was represented by the Glendale News Press. An audio tape of this meeting will be on file in the Superintendent/President's Office, at the Glendale Central Library, and on the college's website at <<http://www.glendale.edu/boardoftrustees>>.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Ms. Suzanna Sargsyan.

COMMENTS FROM THE AUDIENCE - BOARD AGENDA ITEMS ONLY

There were no comments.

STUDY SESSION

1. "Proposal to Build Student Housing on College Property"

Facilitated by Mrs. Anita Quinonez Gabrielian, President, Glendale Community College District Board of Trustees

Mrs. Gabrielian facilitated the study session to address the proposal to build a student dormitory on college property. Mrs. Gabrielian noted that the Board needed to determine how the project would fit into the college's Master Plan and if the project is for the good of GCC's students. She briefly reviewed the college's relationship with Mr. Chang Lee [Chairman, Korean American Federation of Los Angeles] and its partnership with several provinces in Korea through Memorandums of Understanding (MOU's). She said that the project was presented to the Board by Mr. Lee and the developer [WAM Development Group] at the July Board Meeting.

Mrs. Gabrielian invited Dr. Lindsay to provide background on the topic and asked her to review "Informational Report on Opportunity on Student Dormitories," which was included in a binder of supplemental documents provided to the dais participants. Additional copies for the public were made available at the recording secretary's desk.

STUDY SESSION No. 1 – continued

Dr. Lindsay's comments:

- Reviewed the college's partnerships with the sister cities in Korea and the history of how the proposed dorm project came about.
- Introduced attorney Chris Fallon, Liebert Cassidy Whitmore, in the audience this morning and said that Mr. Fallon has been tasked to review the Letter of Interest (LOI).
- Said that the issue is whether or not to go forward with the LOI.
- Said that this is not an action item today. The dorm issue will be agendaized for the September 12 regular board meeting.
- Noted that last week, Ms. Ransford, Dr. Peromian, Mr. Nakasone and she engaged in a phone conference with the developer.
- Said that a cost analysis cannot be done prior to signing the LOI.

Mrs. Gabrielian thanked Dr. Lindsay and remarked that this is a "chicken and egg" scenario, as the developer will not develop a plan until the college signs the LOI; and only then can a cost analysis can be done. She then asked Mr. Fallon to present his remarks.

Mr. Fallon addressed the Letter of Interest and responded to questions from the Members of the Board about the proposed property site, the developer and investors. He also received suggested revisions to the LOI. Comments included the following:

LETTER OF INTEREST (LOI)

- Mr. Fallon said that the LOI is an introductory one-year exclusive agreement with the developer (WAM) to explore a lease/lease back project. He said that the agreement was prepared by the developer.
- Reported that [his firm] has not heard back from the developer on the first read of the LOI.
- Explained the lease/lease back process and noted that lease/lease back does not require competitive bidding.
- Noted that the developer's understanding of California public works construction must be confirmed.

LEASE/LEASE BACK

- Dr. Hacopian inquired about the lease back timeframe and common practice. Mr. Fallon noted that usually the title reverts back at the end of the project and project costs have been paid off. He added that there is, however, a potential of up to 40 years.
- Mr. Fallon briefly outlined the steps of lease/lease back.
- Mrs. Gabrielian noted that the first step is construction and the second is the lease with the developer and that is the term in question. She said that this needs to be addressed in the cost benefit analysis.
- In response to a question Mr. Scott asked regarding the lease amount, Mr. Fallon noted that the lease amount for the contractor would be \$1.00 per year.

PROPERTY

- Mr. Tartaglia commented on not limiting the college's ability to look at other sites. Mr. Fallon said that we are not committing ourselves to any particular site at this point.
- Dr. Hacopian cited research she had done; and noted that the eleven colleges she has surveyed have a bigger landscape, are situated on flat land, and the dorms are not on campus. She added that she feels bad about giving an inch of the college to a private entity for profit. Noted that major issues include maintenance and [the potential for] criminal activity.
- Ms. Ransford noted that lease/lease back can only be done on GCC property. Mr. Fallon concurred and said that city property is not an option.

STUDY SESSION No. 1 – continued

- Ms. Sargsyan asked if the LOI specifies the college's parking lot only. Mr. Fallon replied that, although the LOI is presently phrased that the developer can look at another site, he speculates that their focus is on this college property.
- Ms. Sargsyan said that if the dorm is located off-campus, it needs to be near the college and on a public transportation line.
- Dr. Peroomian said that, from last week's phone conference, according to the developer, there is not a sufficiently sized multi-family zoned property closer off-campus than North Hollywood. Dr. Peroomian said to proceed with the assumption that the dorm would be built on college property. It would cost the developer nothing [the land] to build on the GCC parking lot.

DEVELOPER/INVESTOR

- Ms. Ransford asked if the LOI should describe the relationship between WAM, Hunt Construction, and Mr. Lee. Mr. Fallon said that he doesn't know the relationship and agreed it would help, but maybe not necessarily for the LOI.
- Ms. Ransford asked if the investors' information would be included in the LOI. Mr. Fallon said that right now, it's silent and that the information should come out during the negotiations process.
- Mr. Fallon said that if the college wants to see what else is out there and wants to talk to other developers, entering into this LOI will prevent the college from doing so.
- In response to a question from Mr. Scott on a typical ROI (return of investment) for the developer, Mr. Fallon said that this would presumably come out during negotiations.
- Mrs. Gabrielian asked at what point and how does the college secure and confirm that the \$30 million is there? Mr. Fallon replied before the college enters into any agreement.
- Ms. Ransford asked what if the investors default on the loan in year five. Mr. Fallon said that it was his understanding that there would be no responsibility to the college for payments on the loan to the investors. Mr. Tartaglia remarked that the college would be bonded.

REVISIONS TO LOI

Mr. Fallon:

- Addressed the LOI's proposed \$50,000 liquidated provision for damages or termination for convenience and suggested reducing the amount to \$5,000.
- Recommended adding language for transfer of ownership of documents so that, at the end of the term of the agreement or if the agreement is broken, that the documents, plans, specifications, etc. revert to the college.
- Said that the college is to provide staff assistance and include "reasonable for the District" in the language.
- Said that they need to flush out the parking loss during construction with the developer in the one-year agreement.

TIMELINE FOR BOARD OF TRUSTEES CONSIDERATION OF LETTER OF INTEREST

Mrs. Gabrielian

- Said that the Board will see the LOI twice [agendized for two Board meetings], that the developer has set a timeline of October 15.

At 9:04 a.m., Mr. Scott offered the following remarks and then made his apologies, leaving for a class he had to teach:

- Said that the focus should be on the LOI, whether or not the Board should sign. Not everything can be included in the LOI. Said that everything else that has been talked about this week campus-wide in various meetings will come out as the issue is researched. Said that we need to re-focus, see if the LOI makes sense for GCC.

STUDY SESSION No. 1 – continued

Mrs. Gabrielian then called for comments from the Members of the Board:

Mr. Tartaglia

- Said that the LOI does not obligate the college. It is reasonable with the \$5,000 cap damages clause. Leave as broad as possible. Said that [with the \$5,000 clause], he is comfortable with moving forward with the LOI.
- Said this is a fluid situation, changing over the last two months.
- Said that if a site is determined and a project is developed, the administration, from Dr. Lindsay down, will make sure that the college is protected to the fullest extent and that all other costs are covered so that revenue is neutral to start and will be “plus” moving forward.

Ms. Ransford

- Said that she wished to make a comment about the developer that is relevant to the Board entering into an agreement. Citing examples, said that she has been underwhelmed about the developer’s understanding of the campus and the community. Is concerned that (in the phone conference) the developer referred to the community college as a “university.” Said this is an indication to her that they have not done a lot of homework to understand who we are.
- Inquired about the college having to write in a \$5,000 damages clause, as the college will also have a big investment in staff and time. Mr. Fallon said that, if the college should breach, the damages clause prevents the developer from suing in a court of law.

Dr. Hacopian

- Expressed her lack of trust for the whole process and said she questions the internal timeline for reports.
- Said the Board has been misled, that first they were told that the City was in favor of this project and now that there is no site other than GCC. Said that she doesn’t want an outside agency [mandating the terms.]
- Said that “no cost to the college” is a complete fallacy.
- Stated that she worked very hard with Ann Ransford on the Measure G [bond initiative] and that she is opposed to giving away “an inch of this college” for the developer/investors to benefit without knowing exactly what the process is.
- Stated that leasing GCC for \$1 per year is absolutely unacceptable to her.
- Opposes taking parking spaces away from the college’s current students.

Ms. Saber

- Asked if the college is taking the developer’s word that there’s no site available and that there is no other site they can purchase within a 10-15 minute vicinity of the college? Noted that the two sites [City parking lot and GCC property] are two sites that would come to the developer for free. Said that internal research should be conducted to check the veracity of this information.

Mrs. Gabrielian asked if Mr. Fallon had anything to add from a legal perspective. Mr. Fallon replied that, if the college desires to go with the LOI, we need to get a firm agreement with WAM. No one is harmed. He said that he doesn’t see any reason not to go forward with the LOI. It is not binding (with the exception of the \$5,000 damages clause). It’s a preliminary agreement. Mrs. Gabrielian thanked Mr. Fallon.

Mrs. Gabrielian:

- Said that the college needs to have discussion on how the proposed dorm fits into the college’s Master Plan and its growth strategy.
- Said the college needs to examine the opportunity loss.

STUDY SESSION No. 1 – continued

- Said that the LOI is the very first step and that there is so much more to come: results from student survey, input from Teams A & B and the governance process.
- Said that this is going to be an iterative process.
- Noted that the developer looked at the college and its location and that GCC is an incredible place to come. Said that the college is a premier institution, noted the community and the college's close proximity to downtown Los Angeles.

Dr. Peroomian

- Said that it is premature to get into the planning.
- Said that he doesn't see a problem with exploring the opportunity, noting last year's decreased enrollment of international students.
- Said that there is a potential for profit. The question is how the profit is spread. Said that the following areas should be addressed and included in a cost benefit analysis:
 - The biggest question is, what are their funding sources? Noted that this could be a potential stumbling block. Said that the October 15 deadline is a red herring and doesn't wash if it's the Korean government [that is supporting the project].
 - Look at costs mentioned in the survey provided of college campuses that have dorms: maintenance, supervision, security.
 - Look at number of beds.
- Said the he does not think that we would be giving the college away with lease/lease back, as the college would be getting a \$30 million building.
- Remarked that the college governance process is amazing, alluding to governance's role in the college's decision making process.
- Said that he supported entering into the LOI, which he said was a benign agreement. Noted that, when the one-year agreement is up, this developer is not the only developer.

Mr. Tartaglia

- Said that Dr. Peroomian made an excellent point. Said that this is an opportunity to explore the project. Added that the college cannot afford to do this exploratory for \$100K - \$150K and that this would be done at no cost.
- Said that this is also an opportunity for the college to plan for the future:
 - Noted that there will be enrollment decline issues in the next several years and that the college needs to explore the opportunity, to think outside the box.
 - Addressed the close proximity of other area community colleges and students choosing those colleges over GCC. Indicated that this could be another loss of potential students for GCC.
- Addressed maintenance and said that, unlike in the past, if this project moved forward, maintenance costs would be factored in the planning.

Ms. Sargsyan

- Said she doesn't have the information to support a decision on a student dorm at this time, but that the college should go forward with the LOI. Said that it would not be a mistake to look into this opportunity.
- Said that she trusts the college and the [governance] process. Said that research is needed.
- Addressed the terms of the proposed agreement and noted that, after one year, the college could take this project to a different developer if so desired.
- Referred to a revised version of the questionnaire, "Survey on Student Housing, Fall 2011," that she distributed at today's meeting as a replacement document in the supplemental information binder. Said that Dr. Edward Karpp assisted her with the revision. Said that students will be polled, utilizing this questionnaire, during the Fall Club Rush, September 12 – 22. The results will be discussed at the October board meeting.

STUDY SESSION No. 1 – continued

- Said that the survey will be both online and paper-and-pencil.

Dr. Hacopian

- Noted that the Board had asked for the binders of supplemental information prepared for the study session, but also noted the time involved for staff preparation. Asked how much more staff time is involved before getting to the LOI. Said that staff time is not at zero cost to the college. Remarked that signing a LOI at no cost to the college is a fallacy, that there are many hidden costs. Asked how much more will it cost for attorneys' fees?

Mrs. Gabrielian

- Said that sometimes great ideas come from inside the college and sometimes from the community. She said sometimes the college doesn't see the demands and it takes someone else to point out the opportunity. Sometimes we have an opportunity to see how else the college can grow, to think outside the box. She said she sees this as that opportunity.
- Acknowledged that there will be some costs, but that this is time and effort well-invested.
- Said that the information gathered (whether or not to have a dorm) will give the college additional insight into the needs of the community and how we can use our resources.
- Said that, with a lot of trust in the governance process and the administration, she is very interested. She said that she supports the LOI in finding more as the college goes forth in this process. She said that we will all be very careful and look at the information, protecting the college, putting something in, with a return for the good of the students and the community.

Ms. Ransford

- Asked what governance committees are currently involved and which question were they addressing – whether or not to sign the LOI or whether or not to have a dorm on campus. Also asked if governance recommendations will come forth at the Monday, September 12 board meeting.
- Dr. Lindsay replied that many of the same questions and issues discussed today have come up in the governance meetings. So far, the issue has been discussed at Campus Executive and Team B, with no recommendation coming forward from Team B. Upcoming meetings scheduled include Team A and Campus Development. The issue of the LOI will be agendized for the Monday, September 12 board meeting and will come back again to the October board meeting.
- Dr. Lindsay said that she wanted to note that the college did not develop the request for the dorm. She noted that families in Korea considering sending their students to GCC had expressed a desire for a student dorm; and this identified need was specified in the development of the MOU's.
- Mrs. Gabrielian said that, from what she has heard, every time we ask for a recommendation, more questions come up and we can't move forward until we get answers to those questions. Called for a tight LOI that gives the college the opportunity to study and do a cost benefit analysis and get some answers on how to move forward.
- Dr. Hacopian said that she wants to make sure that everyone clearly understands that she 1000% supports a dorm, but not on this campus. She said that she doubts there isn't property around the college for purchase. Said that she concurs with Ms. Saber's comments.
- Mrs. Gabrielian noted that the students may voice a need for the student dorm to be on campus.

ADJOURNMENT

Since all business on the agenda had been considered, Mrs. Gabrielian announced at 9:35 a.m. that the meeting was adjourned.

Mrs. Anita Quinonez Gabrielian, President

Ms. Ann H. Ransford, Clerk

Board of Trustees Special Meeting, September 8, 2011
Minutes recorded by Sally Holmes, Secretary to the Superintendent/President